



Department of the Treasury

Internal Revenue Service

26 CFR Part 1

[TD 9889]

RIN 1545–BO4

Investing in Qualified Opportunity Funds; Correcting Amendment

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to Treasury Decision 9889, which was published in the **Federal Register** on Monday, January 13, 2020. Treasury Decision 9889 contained final regulations under the Internal Revenue Code (Code) that govern the extent to which taxpayers may elect the Federal income tax benefits with respect to certain equity interests in a qualified opportunity fund (QOF).

DATES: These corrections are effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]** and applicable on or after January 13, 2020.

FOR FURTHER INFORMATION CONTACT: Concerning section 1400Z-2 and these regulations generally, Harith J. Razaa, (202) 317-7006, or Kyle C. Griffin, (202) 317-4718, of the Office of Associate Chief Counsel (Income Tax and Accounting). These numbers are not toll-free numbers.

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9889) that are the subject of this correction are under section 1400Z-2 of the Code.

Need for Correction

As published on January 13, 2020 (85 FR 19082) the final regulations (TD 9889) contain errors that need to be corrected.

List of Subjects in 26 CFR Part 1

Income Taxes, Reporting and recordkeeping requirements.

Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

PART 1 –INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.1400Z2(d)-1 is amended by revising paragraphs (a)(3) and (d)(3)(vi)(D) to read as follows:

§ 1.1400Z2(d)-1 Qualified opportunity funds and qualified opportunity zone businesses.

* * * * *

(a) * * *

(3) *Self decertification of a QOF.* If a QOF chooses to decertify as a QOF, the self-decertification must be effected in such form and manner as may be prescribed by the Commissioner in IRS forms or instructions or in publications or guidance published in the Internal Revenue Bulletin (see §§ 601.601(d)(2) and 601.602 of this chapter.)

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(d) * * *

(3) * * *

(vi) * * *

(D) *Safe harbor for working capital and property on which working capital is being expended--(1) Working capital for start-up businesses.* For start-up businesses utilizing the working capital safe harbor, if paragraph (d)(3)(v) of this section treats property of an entity that would otherwise be nonqualified financial property as being a reasonable amount of working capital because of compliance with the three requirements of paragraphs (d)(3)(v)(A) through (C) of this section, the entity satisfies the requirements of section 1400Z-2(d)(3)(A)(i) only during the working capital safe harbor period(s) for which the requirements of paragraphs (d)(3)(v)(A) through (C) of this section are satisfied; however such property is not qualified opportunity zone business property for any purpose.

(2) *Tangible property acquired with covered working capital.* For any eligible entity, if tangible property referred to in paragraph (d)(3)(v)(A) is expected to satisfy the requirements of section 1400Z-2(d)(2)(D)(i) as a result of the planned expenditure of working capital described in paragraph (d)(3)(v)(A), and is purchased, leased, or improved by the trade or business, pursuant to the written plan for the expenditure of the working capital, then the tangible property is treated as qualified opportunity zone business property satisfying the requirements of section 1400Z-2(d)(2)(D)(i), during that and subsequent working capital periods the property is subject to, for purposes of the *70-percent tangible property standard* in section 1400Z-2(d)(3).

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